

ORIGINAL

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## Bronster Hoshibata

ATTORNEYS AT LAW

*A Law Corporation*  
[XX] Via Hand Delivery

May 17, 2010

The Honorable Chairman and Members of the  
Hawaii Public Utilities Commission  
Kekuanaoa Building  
465 South King Street, Room 103  
Honolulu, Hawaii 96813  
Attn: Michael Azama, Esq.

FILED  
2010 MAY 17 P 12:20  
PUBLIC UTILITIES  
COMMISSION

Re: Docket No. 2009-0048 - Molokai Public Utilities, Inc.

Dear Chairman and Commissioners:

In follow up to last week's evidentiary hearing concerning MPUI's rate application, we enclose the following:

1. Ten (10) copies of the County of Maui's Exhibit No. 4 (letter dated June 25, 2008 from Peter A. Nicholas on behalf of Wai'ola O Molokai, Inc., Molokai Public Utilities, Inc., and Mosco, Inc. to the Commission in Docket No. 2008-0115).
2. Ten (10) copies of the County of Maui's summary of Molokai Properties, Inc.'s obligations under the private water system agreements attached to County of Maui's Exhibit No. 3.

Very truly yours,

  
Margery S. Bronster  
Jeannette H. Castagnetti

Enclosures

cc: Michael Lau, Esq./Yvonne Y. Izu, Esq.  
Consumer Advocate  
James J. Bickerton, Esq.  
William W. Milks, Esq.  
Jane E. Lovell, Esq.

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2010 MAY 17 P 12:20

PUBLIC UTILITIES  
COMMISSION

**Wai'ola O Molokai  
Molokai Public Utilities Inc  
Mosco Inc  
745 Fort St #600  
Honolulu, HI 96813**

2008-0115  
COM  
hearing  
#4  
FILED  
2008 JUN 25 P 3:49  
PUBLIC UTILITIES  
COMMISSION

June 25, 2008

The Honorable Chairman and Members of the  
Hawaii Public Utilities Commission  
465 South King Street  
Kekuanaoa Building, Room 103  
Honolulu, HI 96813  
Attention: Stacey Kawasaki Djou, Esq.  
Ms. Karen Higashi

RE: Order Instituting a Proceeding to Provide Temporary Rate Relief to Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc., and Mosco, Inc.

Dear Chair Caliboso;

We welcome the PUC's actions and are most appreciative of the PUC's efforts in this complex matter. We are conscious of the PUC's efforts and the unprecedented nature of undertaking a rate increase on its own initiative. As you are aware, MPU, Waiola and Mosco do not have the resources to prosecute a rate case and are not the applicants in this proceeding.

With regard to the Order, the proposal set forth by the PUC is insufficient by a significant amount and will not meet the stated purpose of the Order as it does not take into account current or necessary expenses and the ongoing volatility of certain cost items. The attached information provides an updated history and estimate of actual costs of operating the three companies on a temporary basis. This information was provided to you on June 23, 2008, under separate cover in response to your request of June 13, 2008.

To summarize, using prior methods of accounting annualizing May year to date actuals, MPU has projected for fiscal year 2008 a total operating loss of \$479,000 per year or an estimated monthly average loss of \$40,000. 61% of these costs, or approximately \$556,000 of the total operating expense, was associated with energy costs including electricity and diesel fuel. The remainder are general operational costs.

Using the same accounting methods as above, Waiola had a total operating loss of \$149,000 per year or \$12,000 per month. 12% of the total cost was associated with energy costs and the remainder are general operational costs.

Although it has been alleged that Mosco is operating with sufficient return to prevent a loss, the actual costs of operating Mosco, if it were not part of a larger operation, would be significantly higher. As you are aware, Mosco is currently the beneficiary of a savings in operating cost due to shared staffing and operational expenses between the three companies. If Mosco was separated from the three and had to stand on its own, costs would significantly increase. These projected increased costs are reflected in the attached information.

Should Mosco be operated as a separate entity it would have an additional increase in operating expense such that it would suffer approximately a \$35,000 annual loss equating to losses of \$3000 per month.

We have included in our projections expenses for fuel and power at the rates that the utilities paid in the most recent billings, which is a substantial increase over the prior expenses of this type. The variability of this cost is a serious issue which directly impacts viability.

With the described adjustments, and factoring in the effect of the recent closure of Molokai Ranch, our best estimate of the rates that are appropriate on a temporary basis to make it possible for the utilities to continue to operate (absent some system failure that would require a capital outlay) are as follows:

Wailoa -	\$5.15 per 1000 gallons
MPU -	\$ 6.04 per 1000 gallons
Mosco -	\$ 52.56 per month

In addition to the expenses referenced above, some additional expenses must be considered as operating costs in order to calculate a self-sustaining rate that would enable the temporary continuance of operations. A recent Supreme Court decision vacated MPU's allocation of water from Well 17 previously granted by the Commission on Water Resource Management. In addition, MPU's agreement with Department of Agriculture to transmit water through the MIS to Mahana has expired and the DOA has taken the position that a new agreement cannot be entered into without the completion of an Environmental Assessment. Currently, there is no other way to transmit water to MPU customers.

MPU does not have the resources to engage in the CWRM allocation proceeding nor does it have the resources to complete an EA for use of the MIS. The proposed rates set forth above will not create the necessary resources to do so. At present these two issues remain outstanding and MPU has not been required to actively pursue either issue. Should either the allocation proceeding be re-convened or the DOA require MPU to proceed with the development of an EA, MPU will not be able to meet those demands and will be forced to cease operation regardless of any rate increase.

It has also become clear that the variability of some of these historical and projected operational cost factors needs to be addressed in any order for a temporary rate increase to have the desired impact. Energy costs have become quite volatile, and it is essential to provide for some type of fuel surcharge that could be calculated on a monthly basis.

We must also recognize the likelihood of a decrease in revenues resulting from the natural cutback in water usage when rates increase. This impact would also warrant a monthly review of rates.

Another concern is the potential for system breakdown and the ability of the utilities to handle a significant capital expense should such a loss occur. Since the companies have exhausted their capital and will not have borrowing capacity, the establishment of a capital reserve may be prudent to ensure that there is no disruption of service in the case of an equipment or system failure. Again, this could be subject to reimbursement to ratepayers on transfer of the companies. The rates we have calculated above do not include a capital reserve, although we firmly believe such a reserve to be prudent.

Because the current docket is intended to set only a temporary rate sufficient to avoid an imminent disruption of service, we have not included in the expense calculation any cost for the utilities to rent the assets of MPL that have previously been used without charge in connection with the furnishing of service. During the period while MPL was covering the shortfall in operating expenses of the utilities, inter-company charges for those expenses would have only increased the amount of deficit that MPL would be covering and were therefore pointless. However, in any effort to calculate a true self-sustaining rate for the utilities, such charges must be included. MPL will expect a reasonable rental for its property upon the transfer of the utilities, or in connection with any rate intended to be effective as more than a temporary measure.

We wish to emphasize that the effect of any under-estimation of the actual and necessary expenses of operating the utilities could jeopardize the viability of the utilities. As we have previously mentioned, we believe that it is the legal and moral duty of the utilities not to obtain goods or services that it cannot afford to pay for. If the temporary rates set by the Commission prove to be insufficient to cover all expenses, this may necessitate the suspension or termination of utility services, or it may cause suppliers of those goods and services to cease making them available to the utilities. The consequences of setting a temporary rate that proves to be higher than necessary are much less severe than the consequences of a rate that is lower than necessary.

Thank your for the opportunity to comment on your proposed order. We have made a best estimate, within the time available, to calculate what a temporary rate increase should be to make the utilities self-sustaining on a temporary basis, but we can give no assurance that, even with that increase, all expenses will be covered. Although we are not the applicant and this rate adjustment is not being made at our request we are available to provide the PUC with any additional information it may require.

Very Truly Yours;

A handwritten signature in black ink, appearing to read 'Peter A. Nicholas', with a stylized, cursive script.

Peter A. Nicholas  
Director


c.c. Honorable Charmaine Tavares, Mayor, County of Maui  
Catherine Awakuni, Executive Director  
Division of Consumer Advocacy, DCCA

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

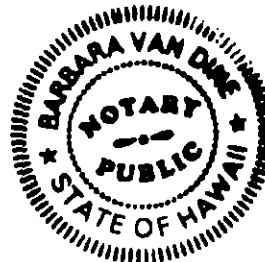
VERIFICATION OF ROY SUGIYAMA

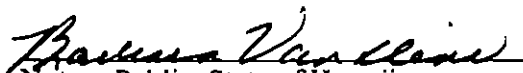
Roy Sugiyama, being first duly sworn, deposes and says:

The historical information set forth in the Exhibits to the letter submitted to the Public Utilities Commission on June 25, 2008 responding to the "Order Instituting A Proceeding To Provide Temporary Relief To Molokai Public Utilities, Inc. Waiola O Molokai, Inc. and Mosco, Inc" and used as the basis for financial projections for Molokai Public Utilities Inc., Waiola O Molokai, Inc. and Mosco, Inc. are accurate compilations of the information contained in the books and records of Molokai Public Utilities Inc., Waiola O Molokai, Inc. and Mosco, Inc., with which I am familiar, and that the projections utilized are reasonable and fair projections of the cost of operations, based on my knowledge of the operations of the utilities.

  
Roy Sugiyama

Subscribed and sworn to before me this  
25<sup>th</sup> day of June, 2008.



  
Notary Public, State of Hawaii  
My commission expires : \_\_\_\_\_

**BARBARA VAN DINE**  
Notary Public, State of Hawaii  
My commission expires: June 25, 2012

Molokai Properties Limited  
Waiola O Molokai  
Service Rate Analysis

Projection using FY 2008 (YTD May 31, 2008) as base

	Amount	Cost Type V (variable) F (fixed)	Variable	Fixed
<b>Water Operating Results</b>				
<b>Revenues</b>				
Water	91,954			
Meter Charge	29,609			
Tap-In	218			
Hydrant	63			
Reconnection	109			
	<u>121,954</u>			
<b>Cost of Sales</b>	125,275	V	125,275	
	<u>(3,321)</u>			
<b>Salaries &amp; Benefits</b>	60,204	V	60,204	
<b>Professional Services</b>	12,341	F		12,341
<b>Lease Rent</b>	-	F		-
<b>Electricity</b>	12,359	V	12,359	
<b>Clean &amp; Refuse</b>	108	F		108
<b>Repair &amp; Maint</b>	11,375	V	11,375	
<b>Equipment Rental</b>	92	F		92
<b>Material &amp; Supplies</b>	5,808	V	5,808	
<b>Fuel</b>	5,093	V	5,093	
<b>Uniforms</b>	-	F		-
<b>Travel</b>	1,939	F		1,939
<b>Real Property Tax</b>	-	F		-
<b>Public Service Tax</b>	6,574	V	6,574	
<b>License &amp; Fees</b>	28	F		28
<b>Administrative</b>	29,470	F		29,470
	<u>145,391</u>		<u>226,688</u>	<u>43,978</u>
			84%	16%
<b>Operating Loss</b>	(148,712)			-

Gallons Sold	KGallons		Per Kgal			
			Revenues	Variable	Fixed	Total
Outsider	47,488	88%				
Internal (Lodge/BV/Office)	6,201	12%				
	<u>53,689</u>	<u>100%</u>		4.22	0.82	5.04

Eliminate Internal Use (Lodge/BV/Office) would increase or reduce cost per Kgal?

Cost Savings	26,181
Total Cost	270,665
 Cost w/o Internal Use	 244,485
Cost per Kgal w/o Internal Use	5.15
Increase in Cost per Kgal	0.11

**Conclusion**

Cost per Kgal increased by \$0.14 per Kgal when removing the Internal Use. This increase indicates that losing Internal sales placed more burden on the Outside sales to absorb the fixed cost.

**Molokai Properties Limited**  
**Molokai Public Utilities, Inc.**  
**Service Rate Analysis**

**Projection using FY 2008 (YTD May 31, 2008) as base**

	Amount	Cost Type V (variable) F (fixed)	Variable	Fixed
<b>Water Operating Results</b>				
Revenues				
Water	577,837			
Meter	52,169			
Availability	-			
Tap-in	491			
Miscellaneous	25,482			
	<u>655,780</u>			
Cost of Sales	218,288	V	218,288	
	<u>437,472</u>			
Salaries & Benefits	74,279	V	74,279	
Professional Services	18,843	F		18,843
Lease Rent	129,515	F		129,515
Electricity	201,812	V	201,812	
Clean & Refuse	172	F		172
Repair & Maint	78,545	V	78,545	
Equipment Rental	145	F		145
Material & Supplies	4,049	V	4,049	
Fuel	354,870	V	354,870	
Uniforms	-	F		-
Travel	457	F		457
Real Property Tax	920	F		920
Public Service Tax	35,837	V	35,837	
License & Fees	45	F		45
Administrative	19,364	F		19,364
	<u>916,653</u>		<u>987,481</u>	<u>167,460</u>
			85%	15%
Operating Loss	(479,181)			-

Gallons Sold	Gallons		Per Kgal			
			Revenues	Variable	Fixed	Total
Outsider	139,401	70%				
Internal (Golf Course)	80,747	30%				
	<u>200,148</u>	<u>100%</u>	-	4.83	0.84	5.67

**Eliminate Internal Use (Golf Course) would increase or reduce cost per Kgal?**

Cost Savings	283,842
Total Cost	1,134,941
Cost w/o Golf Course	841,299
Cost per Kgal w/o Golf Course	6.04
Increase in Cost per Kgal	0.38

**Conclusion**

Cost per Kgal increased by \$0.42 per Kgal when removing the Golf Course. This increase indicates that losing Internal sales placed more burden on the Outside sales to absorb the fixed cost.



Molokai Properties Limited  
Mosco Inc  
Service Rate Analysis

Projection using FY 2008 (YTD May 31, 2008) as base

	Amount	Cost Type V (variable) F (fixed)	Variable	Fixed
<b>Water Operating Results</b>				
Revenues				
Sewer	185,808			
-	-			
-	-			
-	-			
Miscellaneous	-			
	<u>185,808</u>			
 Cost of Sales	 -	 V	 -	 -
	<u>185,808</u>			
 Salaries & Benefits	 34,990	 V	 34,990	
Professional Services	-	F		-
Lease Rent	-	F		-
Electricity	38,508	V	38,508	
Clean & Refuse	70	F		70
Repair & Maint	4,053	V	4,053	
Equipment Rental	59	F		59
Material & Supplies	18	V	18	
Fuel	3,296	V	3,296	
Uniforms	-	F		-
Travel	30	F		30
Real Property Tax	-	F		-
Public Service Tax	9,124	V	9,124	
License & Fees	18	F		18
Administrative	7,732	F		7,732
	<u>97,897</u>		<u>89,988</u>	<u>7,809</u>
Cost %			92%	8%
Operating Gain (Loss)	87,911			-

	<u>Billings</u>	
Outsider	169,884	100%
Internal (Golf Course)	484	0%
	<u>170,368</u>	<u>100%</u>

Mokai Properties Limited  
Mosco Inc  
Budget Projection

FY 2009

	Amount	Cost Type V (variable) F (fixed)	Variable	Fixed	Monthly
Water Operating Results					
Revenues					
Sewer	221,383				18,449
"	-				-
"	-				-
"	-				-
Miscellaneous	-				-
	<u>221,383</u>				<u>18,449</u>
Cost of Sales	-	V	-	-	-
	<u>221,383</u>				<u>18,449</u>
Salaries & Benefits	150,770	V	150,770		12,564
Professional Services	100	F		100	8
Office Lease Rent	100	F		100	8
Electricity	42,000	V	42,000		3,500
Clean & Refuse	1,080	F		1,080	90
Repair & Maint	4,000	V	4,000		333
Equipment Rental	769	F		769	64
Material & Supplies	120	V	120		10
Fuel	520	V	520		43
Uniforms	-	F		-	-
Travel	-	F		-	-
Real Property Tax	-	F		-	-
Public Service Tax	8,861	V	8,861		738
License & Fees	200	F		200	17
Administrative	12,842	F		12,842	1,070
	<u>221,381</u>		<u>208,271</u>	<u>15,091</u>	<u>18,447</u>
Cost %			93%	7%	-
Operating Loss	21				2

Based on these projections Rate should be \$52.58 per customer per month.

Months	12
Customers	351
Rate	<u>\$52.58</u>
New projected revenues	<u>\$221,383</u> To break even

Notes:

Electricity Current average bill \$3500/month

Cleaning & Refuse \$25 + \$65/mo

Repairs & Maintenance - rounded up FY2008

Materials & supplies - office supplies

Fuel 52 Weeks X 2.0 gallons X \$5.00/gallon. Estimated 25 miles per week.

PUC Tax tax 4.0025% of Revenues

Admin

From FY2008	Monthly	
Admin fees	95	Controller & accountant charges/month
Office	15	
Telephone	52	Install & connect new phone line-Mkk
Cellphone	75	one phone
Insurance	<u>833</u>	From FY2008-potentially higher for just one company
	<u>1,070</u>	

Molokai Properties Limited  
PUC Companies - Waiola O' Molokai, Molokai Public Utilities and Mosco  
Cash Provided to Operating Entity - Twenty-four Month Period  
June 30, 2006 to May 31, 2008

	Waiola	Molokai Public Utility			Mosco
		Operating	Capital	Total	
Jun 2006	(10,454)	(21,448)	-	(21,448)	8,128
Jul	(11,581)	(23,914)	-	(23,914)	8,088
Aug	(10,519)	(18,746)	-	(18,746)	9,204
Sep	(14,056)	(15,293)	-	(15,293)	9,466
Oct	(7,180)	(13,894)	-	(13,894)	9,086
Nov	(11,376)	(47,312)	-	(47,312)	8,488
Dec	(16,538)	(38,100)	-	(38,100)	6,979
Jan 2007	(8,390)	(29,483)	-	(29,483)	8,728
Feb	(8,782)	(16,563)	-	(16,563)	8,268
Mar	(14,494)	(67,904)	(46,875)	(114,779)	1,175
Apr	(10,934)	(19,002)	-	(19,002)	8,712
May	(5,688)	(38,633)	-	(38,633)	10,083
Jun	(28,267)	(141,141)	(16,353)	(157,494)	9,407
Jul	(18,819)	(47,080)	-	(47,080)	8,348
Aug	(11,891)	(30,073)	-	(30,073)	8,653
Sep	(18,687)	(28,323)	(46,520)	(74,843)	9,185
Oct	(20,154)	(65,201)	18,198	(47,003)	7,984
Nov	(8,165)	(21,733)	(24,335)	(46,068)	8,808
Dec	(9,667)	(51,163)	-	(51,163)	8,592
Jan 2008	(18,439)	(51,261)	-	(51,261)	7,038
Feb	(7,991)	(40,004)	(114)	(40,118)	7,933
Mar	(12,046)	(45,653)	-	(45,653)	522
Apr	(6,653)	(46,617)	-	(46,617)	8,439
May	(3,507)	(30,332)	-	(30,332)	5,083
Total for 24 Month Period	(294,178)	(948,873)	(115,989)	(1,064,872)	186,403
Monthly Average	(12,257)	(39,536)	(4,833)	(44,370)	7,766

# Wai'Ola Molokai

## Net Book Value Report 4/30/2008

	Sys No	Description	Basis	Net Book Value
<b>G/L Asset Acct No = 000-176-00</b>				
		<b>Water Systems</b>		
Billing	000018	"Cubic" Utility Billing System	8,577.50	0.00
Old Readers	000007	Utility Data System	11,597.57	1,031.76
Out of Service	000042	Kalae Kualapuu Ag line	8,776.16	4,790.31
Pipe	000026	Maunaloa Water Pipe & Valve	1,428.13	0.00
Pipe	000051	Waiola Pipeline	6,414.35	152.70
Pipe	000052	Kipu Pipeline	1,645.82	39.17
Pipe	000054	4" from Kualapuu Reservoir (0.23 MG) to Kipu (emergency b)	141,907.86	105,484.82
Reservoir	000047	Maunaloa Reservoir (2.2 MG)	589,346.97	208,747.25
Reservoir	000044	Kualapuu Reservoir (0.23 MG) Upgrade	219,943.75	141,208.78
Water Meters	000050	Water Meters	61,158.39	15,487.37
Water System	000017	Maunaloa Village Water System	2,091,946.30	1,037,974.61
Water System	000038	Water Transmission System-Well 17 to Kualapuu	110,800.00	0.00
Water System	000039	Kipu System Improvements	33,751.21	122.06
Water System	000040	Kualapuu Booster Automation	6,745.00	0.00
Water System	000043	Kualapuu County Water Tie	70,628.99	0.00
Water System	000048	Maunaloa 12" Water Main	247,635.97	137,850.68
		<b>Total Assets</b>	<b>\$3,611,305.97</b>	<b>\$1,650,889.51</b>

# Molokai Public Utilities, Inc.

## Net Book Value Report 4/30/2008

	Sys No	Description	Basis	Net Book Value
<b>Equipment</b>				
Pump Station	000123	Controls for Mahana Pumps	13,924.80	12,067.97
Puukole Tanks	000110	Solar System Puukole Tanks	29,120.70	12,826.96
Tools	000103	Maintenance Equipment & Tools	7285.08	1074.81
Water Meters	000114	14 Water Meters M35 B81 3/4"	2,621.46	2,097.18
Well 17	000112	Caterpillar Engine Model 3412E	87,221.32	20,351.67
			<u>140,173.16</u>	<u>48,418.59</u>
<b>Water Systems</b>				
Pipe	000115	Emergency Bypass Line for Moana Makani	65,000.00	15,166.67
Pipe	000108	HDPE Pipe for Papahaku Ranchlands (ITC) High p	87,802.25	45,813.66
Pipe	000120	Papahaku Line Bypass	83,700.54	55,723.78
Pump Station	000126	Mahana Pump replacement	14,100.00	13,316.67
Rate Case 2004	000117	MPU Rate Case	125,416.02	28,263.76
Water Meters	000118	Meter Replacement	67,072.97	41,361.66
Water System	000106	System Acquisition Cost 12/2001	4,931,896.00	0.00
Water System	000124	DOH Compliance-Puunana Treatment Plant Upgra	1,012,376.49	881,612.93
Well 17	000128	Well 17 Repairs	127,003.32	99,842.21
			<u>6,474,368.59</u>	<u>1,182,101.32</u>
<b>Total Assets</b>			<u>6,614,542.75</u>	<u>1,230,519.91</u>

# MOSCO, INC.

## Net Book Value Report 4/30/2008

Description		Basls	Net Book Value
<b>Equipment</b>			
Sutorbilt 4M Blower Package (USA)		3,731.00	621.84
		<u>3,731.00</u>	<u>621.84</u>
<b>Water Systems</b>			
Sewer Treatment	System Acquisition Cost 12/2001	752,501.00	291,633.08
Sewer Treatment	Sewer Compliance-DOH	183,510.10	124,379.08
Sewer Treatment	Mosco Rate Case	51,984.00	12,129.60
Sewer Treatment	WWTP Backup Genset	9,009.95	8,083.29
		<u>997,995.05</u>	<u>436,225.03</u>
<b>Total Assets</b>		<u>1,001,726.05</u>	<u>436,846.87</u>

# MOLOKAI RANCH, LTD.

## Assets Benefiting Water Companies 4/30/2008

Primary User	Category	Description	Base	Net Book Value
MPU/Wai	Equipment	Maintenance Equipment & Tools	11,450.53	347.21
All	Equipment	Backhoe from AS-Line	37,808.48	9,451.82
All	Vehicle	2004 Ford Ranger for Water Depts	20,063.49	2,343.07
All	Vehicle	2000 Ford Ranger	9,400.00	7,383.34
			<u>78,740.50</u>	<u>19,565.24</u>

# MOLOKAI RANCH, LTD.

## Water Assets Benefiting Molokai Public Utilities 4/30/2008

Primary User	Category	Description	Base	Net Book Value
MPU	Equipment	Maintenance Equipment & Tools	2859.81	815.52
MPU	Reservoir	Fence at Puunana around reservoir	32,540.36	28,020.85
MPU	Reservoir	Fence at Puu Okoli around reservoir	16,671.89	14,526.57
MPU	Water Treatment	Katukoi Water Meters	49,683.01	0.00
MPU	Water Treatment	Puunana Water Treatment Plant Upgrades	22,727.13	14,982.01
MPU	Water Treatment	Well#7 Roof	57,598.42	1,919.97
			<u>182,078.62</u>	<u>60,248.93</u>

# MOLOKAI RANCH, LTD.

## Water Assets Benefiting Wai'Ola O Molokai 4/30/2008

Primary User	Category	Description	Base	Net Book Value
Wai	Equipment	Maintenance Equipment & Tools	3778.82	0
Wai	Pipe	Kawela Intake Pipe	1,900.00	1,722.50
Wai	Pipe	4" Pipe-Lualaba & Kala	21,040.92	3,717.07
Wai	Pipe	Main Line-Kawela to Kawela Intake	915,135.60	509,425.53
Wai	Pipe	8" water line Mountain to Puunana	3,098,383.09	2,167,468.17
Wai	Pipe	Hanalei-Ho Line	68,296.00	48,175.10
Wai	Reservoir	Kawela Reservoir (SMO) Overflow	3,143.00	209.54
Wai	Reservoir	Dole Reservoir (4 MG) to Redwood Tank	98,530.43	51,424.07
Wai	Reservoir	30 Million Gallon Reservoir	1,839,190.22	1,057,621.48
Wai	Reservoir	Maunaloa Reservoir (2.2 MG) Repair	23,071.32	21,378.28
Wai	Tank	Rehab Structure @ Redwood Tank	12,263.33	3,573.92
Wai	Tank	Replace Kipu Tanks	165,997.79	125,051.89
Wai	Tank	3 Water Storage Tank-Hale	39,172.68	0.45
Wai	Tank	ML219-Water Tank	309,159.00	213,319.71
Wai	Water System	Maunaloa Water Main	72,493.00	37,454.72
Wai	Water System	Wai'Ola Water Meters	41,667.94	23,988.16
Wai	Water System	Maunaloa Water System	98,304.77	53,809.76
Wai	Water System	Puunana Treatment Plant Upgrade	874,485.06	438,598.40
Wai	Water System	Mountain Water System	169,278.31	94,231.82
Wai	Water System	Kamaloa Well	1,352,785.00	937,837.87
			<u>9,205,078.28</u>	<u>5,786,608.04</u>
			<u>9,460,183.14</u>	<u>5,568,485.81</u>

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

Summary of Private Water Agreements Attached to County of Maui Exhibit 3 (COM Hearing #3)

<b><u>EXHIBIT NO.</u></b>	<b><u>MPL/MPUI AFFILIATE(S) WHO IS(ARE) PARTY(IES)</u></b>	<b><u>SPECIFIC LANGUAGE RE: OBLIGATION TO OPERATE AND MAINTAIN</u></b>
5	Kalua Koi Corporation	<p><u>Page 2</u>: "It is mutually agreed and understood by the Applicant, Kalua Koi and the County that":</p> <p>¶ 3: "Kalua Koi agrees that it will provide water to Applicant's proposed structure from the water source, transmission, and distribution system developed by Kalua Koi"; and</p> <p>¶ 4: "the County is under no obligation to improve or maintain the existing private water source, transmission and distribution system."</p>
6	Kalua Koi Corporation	Same language as Exhibit 5 above on <u>Page 2</u> , ¶¶ 3-4.
7	Kalua Koi Corporation	Same language as Exhibit 5 above on <u>Page 2</u> , ¶¶ 3-4.
8	Molokai Ranch Ltd.	<p><u>Page 2</u>: "It is hereby agreed and understood by the Subdivider [Molokai Ranch Ltd.] and that County that:"</p> <p>¶ 3: Subdivider [Molokai Ranch Ltd.] agrees to develop and construct at his [sic] own cost a water source, transmission, and distribution system"; and</p> <p>¶ 4: "Subdivider [Molokai Ranch Ltd.] agrees that the County is under no obligation or duty to improve or maintain the private water source, transmission, and distribution system."</p>
9	Molokai Ranch Ltd.	<p><u>Page 2</u>: "It is mutually agreed and understood by the Applicant [Molokai Ranch Ltd.] and the County that:"</p> <p>¶ 2: Applicant [Molokai Ranch Ltd.] represents and acknowledges that a water source, transmission and distribution system exists and is adequate to provide water to the structure proposed to be constructed"; and</p> <p>¶ 3: Applicant [Molokai Ranch Ltd.] agrees that the County is under no obligation to improve or maintain the Applicant's [Molokai Ranch Ltd.] existing private water source, transmission and distribution system."</p>



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**Summary of Private Water Agreements**

10	Kalua Koi Corporation	<p><u>Page 2</u>: "It is mutually <u>agreed</u> and understood by Ke Nani Kai, Kalua Koi and the Department that:"</p> <p>¶ 2: "Kalua Koi <u>owns, operates, and maintains</u> a water source, transmission and distribution system";</p> <p>¶ 3: "The Department is under no obligation to improve or maintain the system"; and</p> <p>¶ 6: "Ke Nani Kai and Kalua Koi agree that they will not demand or request the Department to approve and/or install any pipeline or pipeline appurtenances to serve the Property."</p>
11	Kalua Koi Corporation	<p>Same language as Exhibit 10 above on <u>Page 2</u>, ¶¶ 2-3.</p>
12	Kalua Koi Corporation	<p><u>Page 1</u>: "Applicant [Kalua Koi Corporation] represents that the Property is served by a private water system...and the System will supply water to and for the Structure."</p> <p><u>Page 2</u>: "It is mutually agreed and understood by the Applicant [Kalua Koi Corporation] and the Department that:" and</p> <p>¶ 3: "The Department is under no obligation to improve or maintain the Applicant's [Kalua Koi Corporation] System."</p>
13	Kalua Koi Corporation	<p><u>Page 2</u>: "It is understood that:"</p> <p>¶ 2: "A [private water] System does exist and will provide water to and for the Property"; and</p> <p>¶ 3: "The Applicant [Kalua Koi Corporation] agrees that the Department is under no obligation to improve or maintain the System."</p>
14	Molokai Ranch Limited	<p><u>Page 2</u>: "Whereas, the Owner [Molokai Ranch Limited] represents that he [sic] owns, operates, and maintains a private water system...the Applicant may obtain water from the System...the System will be used to provide water to and for the Property"; and</p> <p>"It is hereby understood and agreed that:"</p> <p>¶ 2: "The Owner [Molokai Ranch Limited] acknowledges that the Applicant may use the System under the terms of the lease and that the System will not be dedicated to the County, will be <u>privately owned, controlled, operated, and maintained</u>, and agrees that the County is under no obligation or duty to improve or maintain the System."</p>

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

**Summary of Private Water Agreements**

15	Molokai Ranch Limited	<p><u>Page 2</u>: "Whereas, the Subdivider [Molokai Ranch Limited] represents that the Property is served by an existing private water system";</p> <p>"It is hereby <u>understood and agreed</u> by the Subdivider [Molokai Ranch Limited] and County that:"</p> <p>¶ 1: "The Subdivider [Molokai Ranch Limited] represents that each lot of the Subdivision will be provided with water service and fire protection from the System in conformance with the standards of the Department;" and</p> <p>¶ 2: "The Subdivider [Molokai Ranch Limited] agrees that the System is <u>privately owned, controlled, operated and maintained</u>, and will not be dedicated to the County. The Subdivider [Molokai Ranch Limited] further agrees that the Department is under no duty or obligation to improve or maintain the System, and the Subdivider [Molokai Ranch Limited] shall not request or demand that the System be connected to the Department's water system, or request or demand the Department to construct any water system improvements to the Department's water system to serve the Subdivision or portions thereof."</p>
16	Molokai Ranch Limited	<p><u>Page 2</u>: "It is hereby understood and <u>agreed</u> by the Applicant, the Owner [Molokai Ranch Limited] and the Department that:"</p> <p>¶ 1: "The Applicant and the Owner [Molokai Ranch Limited] represent that the Property will be served by a private water system"; and</p> <p>¶ 3: "The Applicant and the Owner [Molokai Ranch Limited] shall not request or demand the Department to construct any water system improvements to serve the Property."</p>

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

Summary of Private Water Agreements

17	Molokai Ranch Limited and Molokai Golf, Inc.	<p><u>Page 3</u>: "it is hereby understood and <u>agreed</u> by the Ranch, the Applicant [Molokai Golf, Inc.] and the Department that:"</p> <p>¶ 2: "The Applicant [Molokai Golf, Inc.] will <u>design and construct</u> the Private Water System to provide water service and fire protection to each lot of the Subdivision in accordance with standards";</p> <p>¶ 5: "The Ranch and/or Applicant [Molokai Golf, Inc.] shall not request or demand the Department to construct any water system improvements to provide water to the Subdivision for any purpose"; and</p> <p><u>Page 4</u> ¶ 6: "The Private Water System shall be <u>privately owned, operated, and maintained</u>, and the Department is under no duty or obligation to operate or maintain the Private Water System."</p>
18	Molokai Ranch Limited and Molokai Golf, Inc.	<p><u>Page 2</u>: "Whereas, the Applicant [Molokai Golf, Inc.] represents that the Property will be served by a private water system";</p> <p>"It is hereby understood and <u>agreed</u> by the Ranch, the Applicant [Molokai Golf, Inc.] and the Department that:"</p> <p>¶ 2: "The Applicant represents that the Property will be served by the System"; and</p> <p>¶ 3: "The System shall be <u>privately owned, operated, and maintained</u>, and the Department is under no duty or obligation to operate or maintain the System."</p>

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

**Summary of Private Water Agreements**

19	Molokai Ranch Limited	<p><u>Page 2</u>: "Whereas, the Applicant [Molokai Ranch Limited], the Purveyor [Molokai Ranch Limited] represent that a private water system will be constructed to and within the Property, referred to as the 'Development Water System', with its connection to the existing private water system to provide fire protection and water service to the Project according to the standards of the Department";</p> <p>"It is hereby understood and <u>agreed</u> by the Applicant [Molokai Ranch Limited], the Purveyor [Molokai Ranch Limited] and the Department that:"</p> <p>¶ 2: "The Purveyor [Molokai Ranch Limited] <u>represents</u> that it <u>owns and operates</u> the existing private water system"; and</p> <p><u>Page 3</u> ¶ 6: "The Development Water System and the existing private water systems will be <u>privately owned, operated, and maintained</u>, and no request or demand will be made upon the Department for the <u>operation, maintenance, and/or repair</u> of the said water systems."</p>
20	Molokai Ranch Limited and Wai'ola O Molokai	<p>Same language as Exhibit 19 above on <u>Page 2</u> ¶ 2 and <u>Page 3</u> ¶ 6.</p> <p>Applicant is Molokai Ranch Limited. Purveyor is Wai'ola O Molokai.</p>
21	Cooke Land Co., Inc. and Molokai Ranch Limited	<p><u>Page 2</u>: "Whereas, the Subdivider [Cooke Land Co., Inc.] and Purveyor [Molokai Ranch Limited] represent that the Subdivision will be served by an existing private water system, referred to as 'Existing Water System', capable of providing an adequate supply of water for fire protection and domestic purposes";</p> <p><u>Page 3</u>: "It is hereby understood and <u>agreed</u> by the Subdivider [Cooke Land Co., Inc.], Purveyor [Molokai Ranch Limited] and the Department that:"</p> <p>¶ 3: "No request or demand will be made by the Subdivider [Cooke Land Co., Inc. for any connection of the Existing Water System or the Subdivision Water System to the Department's water system"; and</p> <p>¶ 4: "The Existing Water System and the Subdivision Water System will be <u>privately owned, operated, and maintained</u>, and no request or demand will be made upon the Department for the operation, maintenance, and/or repair of the said water system."</p>

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

**Summary of Private Water Agreements**

22	Molokai Ranch Limited and Wai'ola O Molokai	<p><u>Page 2</u>: "It is hereby understood and <u>agreed</u> by the Applicant [Molokai Ranch Limited], Purveyor [Wai'ola O Molokai] and the Department that:"</p> <p>¶ 1: "The Applicant [Molokai Ranch Limited] and Purveyor [Wai'ola O Molokai] represent that the Property is served by an existing private water system"; and</p> <p>¶ 3: "The Applicant [Molokai Ranch Limited] and Purveyor [Wai'ola O Molokai] shall not request or demand the Department to approve or construct any water system improvements to serve the Property."</p>
23	Molokai Ranch Limited, Cooke Land Company, Inc. and Wai'ola O Molokai	<p><u>Page 2</u>: "Whereas, the Applicant [Molokai Ranch Limited], Lessor [Cooke Land Company, Inc.] and Purveyor [Wai'ola O Molokai] represent that the Property is served by an existing private water system capable of providing an adequate supply of water for fire protection, domestic, and irrigation purposes in accordance with the Department's standards, referred to as the 'System';</p> <p>"It is hereby understood and <u>agreed</u> by the Applicant [Molokai Ranch Limited], Lessor [Cooke Land Company, Inc.] and Purveyor [Wai'ola O Molokai] and the Department that:"</p> <p>¶ 3: "The Purveyor [Wai'ola O Molokai] represents that it <u>owns, operates, and maintains the System</u>, and no request or demand will be made upon the Department for the operation, maintenance, and/or repair of said System"; and</p> <p><u>Page 3</u> ¶ 4: "The Applicant [Molokai Ranch Limited], Lessor [Cooke Land Company, Inc.] and Purveyor [Wai'ola O Molokai] shall not request or demand the Department to construct any water system improvements to serve the Project."</p>
24	Molokai Ranch Limited and Wai'ola O Molokai	<p>Same language as Exhibit 19 above on <u>Page 2</u> ¶ 2 and <u>Page 3</u> ¶ 6.</p> <p>Applicant is Molokai Ranch Limited. Purveyor is Wai'ola O Molokai.</p>
25	Molokai Ranch Limited and Wai'ola O Molokai	<p>Same language as Exhibit 22 above on <u>Page 2</u> ¶¶ 1 and 3.</p>

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**Summary of Private Water Agreements**

26	Molokai Ranch Limited	Same language as Exhibit 21 above on <u>Page 1</u> , <u>Page 2</u> ¶ 3, and <u>Page 3</u> ¶ 4.  Subdivider is Molokai Ranch Limited.
27	Molokai Ranch Limited and Wai'ola O Molokai	Same language as Exhibit 22 above on <u>Page 2</u> ¶¶ 1 and 3.
28	Molokai Ranch Limited and Wai'ola O Molokai	<u>Page 3</u> : "It is hereby understood and agreed by the Subdivider [Molokai Ranch Limited], Purveyor [Wai'ola O Molokai] and the Department that:" ¶ 2: "The Subdivider [Molokai Ranch Limited] and Purveyor [Wai'ola O Molokai] represent the existence of the Existing Water System"; ¶ 3: "The Purveyor represents that it <u>owns and operates</u> the Existing Water System and the Water System Improvements"; and  <u>Page 5</u> ¶ 7: "The Subdivider [Molokai Ranch Limited] and Purveyor [Wai'ola O Molokai] shall not request or demand the Department to construct any water system improvements to provide water for any purpose within the limits of the Subdivision."
29	Molokai Ranch Limited and Wai'ola O Molokai	Same language as Exhibit 22 above on <u>Page 2</u> ¶¶ 1-2.  Applicant is Molokai Ranch. Purveyor is Wai'ola O Molokai.
30	Molokai Ranch Limited and Wai'ola O Molokai	Same language as Exhibit 19 above on <u>Page 1</u> , <u>Page 2</u> ¶ 2 and <u>Page 3</u> ¶ 6.  Applicant is Molokai Ranch. Purveyor is Wai'ola O Molokai.
31	Molokai Ranch Limited and Wai'ola O Molokai	Same language as Exhibit 19 above on <u>Page 1</u> , <u>Page 2</u> ¶ 2 and <u>Page 3</u> ¶ 6.  Applicant is Molokai Ranch. Purveyor is Wai'ola O Molokai.

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

Summary of Private Water Agreements

32	Molokai Ranch Limited and Wai'ola O Molokai	<p>Same language as Exhibit 19 above on <u>Page 2 ¶ 2</u> and <u>Page 3 ¶ 6</u>.</p> <p>Applicant is Molokai Ranch. Purveyor is Wai'ola O Molokai.</p>
38	Kalua Koi Corporation	<p><u>Page 2</u>: "It is hereby agreed and understood by the Subdivider [Kalua Koi Corporation] and the County that:"</p> <p><u>Page 3 ¶ 3</u>: "Subdivider [Kalua Koi Corporation] agrees to <u>develop and construct</u> at its own cost a water source, transmission and distribution system to provide water to said subdivision"; and</p> <p>¶ 4: "Subdivider [Kalua Koi Corporation] agrees that the County is under no obligation or duty to <u>improve or maintain the private water source</u>, transmission and distribution system to be developed and constructed by the Subdivider [Kalua Koi Corporation]."</p>
39	Kalua Koi Corporation	<p><u>Page 2</u>: "Whereas, the Applicant [Kalua Koi Corporation] represents that he [sic] <u>owns, operates, and maintains</u> a private water system, hereinafter referred to as the 'System', which can adequately provide water to and for the Structure";</p> <p>"It is mutually agreed and understood by the Applicant and the County that:"</p> <p>¶2: "The Applicant [Kalua Koi Corporation] acknowledges that the System will not be dedicated to the County, will be <u>privately owned, controlled, operated and maintained</u>, and agrees the County is under no obligation or duty to improve or maintain the System"; and</p> <p><u>Page 3 ¶ 5</u>: "The Applicant [Kalua Koi Corporation] and subsequent owners of the Property shall not request or demand the County to connect the System to the County's system, or request or demand the Department to approve, install or construct any water distribution system or water-system-related appurtenances to, for and within the Property."</p>

**Docket No. 2009-0048, Molokai Public Utilities, Inc.**

**Summary of Private Water Agreements**

40	Kalua Koi Corporation	<p><u>Page 2:</u> "It is mutually agreed and understood by the Owner, Kalua Koi, and the County that:"</p> <p>¶ 2: "The Owner and Kalua Koi represent and acknowledge that Kalua Koi <u>owns, operates, and maintains</u> a water source, transmission and distribution system, hereinafter referred to as the "System", which is adequate to provide water to and for the Structure as well as to and for the Property;" and</p> <p>¶ 3: "The Owner and Kalua Koi agree the County is under no obligation to improve or maintain the System".</p>
41	Kalua Koi Corporation	<p><u>Page 2:</u> "It is mutually agreed and understood by Kalua Koi and the County that:"</p> <p>¶ 2: "Kalua Koi represents and acknowledges that they <u>own, operate, and maintain a water source</u>, transmission, and distribution system, hereinafter referred to as the 'System', which is adequate to provide water to and for the Structure, as well as to and for the Property";</p> <p>¶ 3: "Kalua Koi agrees that the County is under no obligation to improve or maintain the System"; and</p> <p>¶ 6: "Kalua Koi agrees that they will not demand or request the County to approve and/or install any pipeline or pipeline appurtenances to serve the Property."</p>
42	Kepuhi Partnership	<p><u>Page 2:</u> "The Owner [Kepuhi Partnership] represents that a private water system, hereinafter referred to as the 'System', has been developed which can adequately provide water to and for the existing structures, the Addition, and other structures and additions to the structures, which may be constructed on the Property";</p> <p><u>Page 3:</u> "It is hereby understood and agreed that":</p> <p>¶ 2 "The Owner [Kepuhi Partnership] acknowledges that the System will not be dedicated to the Department, <u>will be privately owned, controlled, operated, and maintained</u>, and agrees that the Department is under no obligation or duty to improve or maintain the System"; and</p> <p>¶ 4: "The Owner [Kepuhi Partnership] and subsequent owners of the Property shall not request or demand the Department to connect the System to the Department's system, or request or demand the Department to approve, install, or construct any water distribution system or water-system-related appurtenances to, for, or within the Property."</p>